

LICENSE AND OPERATIONS AGREEMENT

THIS AGREEMENT is entered into this 2nd day of October, 2012, by and between Linn County Gaming Association, Inc. (hereinafter referred to as "Qualified Sponsoring Organization"), an Iowa nonprofit corporation, with its principal address being 2390 Acacia Ct. Marion, Iowa 52302 and Cedar Rapids Development Group, LLC (hereinafter referred to as "CRDG"), an Iowa limited liability company with its principal place of business located at Cedar Rapids, Linn County, Iowa. The foregoing parties may be referred to individually herein as "Party" and collectively herein as "Parties."

WHEREAS, Chapter 99F of the Iowa Code, together with rules and regulations of the Iowa Racing and Gaming Commission, authorize gambling in the State of Iowa. Chapter 99F provides that the Iowa Racing and Gaming Commission may grant a license to conduct gambling games to a non-profit entity that is a "qualified sponsoring organization," and

WHEREAS, the Qualified Sponsoring Organization, intends to seek a gaming referendum for Linn County, Iowa, and if same is successful to apply for a license to conduct gambling games in Linn County, Iowa under Chapter 99F and other Iowa statutes referred to therein; and

WHEREAS, CRDG intends to apply for a license to operate a Gambling Facility in Linn County under Chapter 99F and other Iowa statutes referred to therein; and

WHEREAS, the Parties, through their joint efforts and subject to the terms and conditions of this Agreement, wish to conduct gambling games in the Linn County, Iowa area.

IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, IT IS AGREED AS FOLLOWS:

1. **Obligations Prior to Issuance of Gaming Licenses.** From the date hereof the Parties shall have the following obligations:

a. Qualified Sponsoring Organization hereby appoints CRDG as its exclusive agent for development services for the Gambling Facility. CRDG will make best efforts to perform such development services, which may include, but are not limited to, conducting and/or obtaining feasibility and marketing studies, providing funds and in-kind services for a campaign to promote a gaming referendum in Linn County, Iowa, and providing financial and other support to assist in obtaining a license for Qualified Sponsoring Organization to conduct gambling games in Linn County, Iowa.

b. Qualified Sponsoring Organization will file, or cause to be filed, a petition for a referendum in Linn County, Iowa to submit to the registered voters of the County a proposition to approve or disapprove the conduct of gambling games in the County under Iowa law. If such referendum is not held and successfully passed by the voters of Linn County, Iowa on or before December 31, 2015, either Party, in its sole discretion, may terminate this Agreement.

c. If the referendum referred to in subparagraph (a) passes, Qualified Sponsoring Organization will use its best efforts to obtain a license to conduct gambling games in Linn County, Iowa and will exclusively endorse and assist CRDG in obtaining a license to operate a Gambling Facility in Linn County, Iowa and to have the executory terms of this Agreement approved by the Iowa Racing and Gaming Commission at the time of licensing. If each of these conditions, a grant of a gaming license to Qualified Sponsoring Organization, a grant of a gaming license to CRDG and the approval of this Agreement by the Iowa Racing and Gaming Commission, is not obtained by December 31, 2017, either Party, in their sole discretion, may terminate this Agreement.

2. **Exclusivity and Non-Assignability of License.** The Qualified Sponsoring Organization covenants and agrees that from the date hereof until the termination of this Agreement that it will not conduct gaming operations, including Gambling Facility operations with any gaming licensed operator other than CRDG nor sponsor any other gaming operation, including a Gambling Facility offering casino gambling within Linn County, Iowa, without CRDG's prior written consent. In furtherance of the foregoing Qualified Sponsoring Organization also agrees that it will not authorize or permit any of its officers, directors, attorneys or agents (collectively "Agents") to, directly or indirectly, (i) solicit, initiate or encourage or take any other action to facilitate any inquiries or the making of any proposals or offers, and shall not take any action which may be reasonably expected to lead to any proposals or offers from any person, other than CRDG, relating to an application to own a gambling operation and/or relating to an application to operate a Gambling Facility in Linn County, Iowa; (ii) accept, or make or enter into an agreement with respect to any application to own a gambling game operation and/or relating to an application to operate a Gambling Facility and/or management services related to the operation of a Gambling Facility; or (iii) otherwise cooperate in any way or assist or participate in, facilitate or encourage, any effort or attempt by any person other than CRDG to make or enter into an agreement with respect to any application to own a gambling game operation and/or relating to an application to operate a Gambling Facility and/or management services related to the operation of a Gambling Facility. Qualified Sponsoring Organization shall immediately notify CRDG, in writing, of any of the foregoing, including, without limitation, any violation of the foregoing covenants.

Neither Party may assign any of its rights, duties or obligations under any license issued by the Commission.

3. **Advancements by CRDG.** If the referendum successfully passes, CRDG will advance to Qualified Sponsoring Organization the costs that Qualified Sponsoring Organization incurs for its license application fee, for the Iowa Department of Criminal Investigation investigative fees related to the license of Qualified Sponsoring Organization and its employees and any other fees due from Qualified Sponsoring Organization to the State of Iowa or any local government. If gaming licenses are obtained by Qualified Sponsoring Organization and CRDG and a Gambling Facility is operated by the Parties in Linn County, Iowa, payments which CRDG will owe Qualified Sponsoring Organization under Section 4 hereof shall be reduced by the advancements made under this section 3 until all amounts have been reimbursed to CRDG. CRDG shall be solely responsible for the license application, including DCI investigation fees,

related to its gaming license and the licenses of its employees.

4. Obligations After Issuance of Gaming Licenses.

a. Operator. If and when Qualified Sponsoring Organization successfully obtains a license to conduct gambling games in Linn County, Iowa, Qualified Sponsoring Organization shall retain CRDG as its exclusive operator of gambling games at the Gambling Facility contemplated herein for the term of this Agreement. As the exclusive operator, CRDG shall perform activities which may include, but are not limited to, coordinating the design and construction of the Gambling Facility, providing all property and equipment for use in conducting gambling games, performing all management functions of the Gambling Facility and activities related thereto, and obtaining any and all necessary permits related to the Gambling Facility.

b. Proceeds. All proceeds received by CRDG from the operation of the Gambling Facility (gambling or non-gambling) shall be the sole and exclusive property of CRDG, subject to the terms of this Agreement and Iowa law. Such proceeds include, but are not limited to, gambling income, food and beverage sales, entertainment, souvenir and gift sales, and beauty and other professional services.

c. Payments to Qualified Sponsoring Organization.

1. CRDG shall pay to the Qualified Sponsoring Organization a percentage of its Adjusted Gross Receipts as that term is defined in Chapter 99F of the Iowa Code. During the Initial Term of the Agreement, as defined in subsection 7(a) herein, CRDG shall pay each year to Qualified Sponsoring Organization 3% of CRDG's Adjusted Gross Receipts, the minimum amount presently required by Iowa law and if such 3% is later increased by statute or regulation, then such increased percentage ("QSO Minimum"). During all subsequent terms of the Agreement, as contemplated in subsection 7(b) herein, CRDG shall pay each year to Qualified Sponsoring Organization 3% of CRDG's Adjusted Gross Receipts or the following increased percentages, if applicable:

(a). If Adjusted Gross Receipts exceed \$80,000,000, then CRDG shall pay to Qualified Sponsoring Organization 3.5% of Adjusted Gross Receipts;

(b). If Adjusted Gross Receipts exceed \$85,000,000, then CRDG shall pay to Qualified Sponsoring Organization 4% of Adjusted Gross Receipts;

(c). If Adjusted Gross Receipts exceed \$90,000,000, then CRDG shall pay to Qualified Sponsoring Organization 4.5% of Adjusted Gross Receipts;

(d). If Adjusted Gross Receipts exceed \$95,000,000, then CRDG shall pay to Qualified Sponsoring Organization 5% of Adjusted Gross Receipts.

Provided, however, if in any year of the first twenty years that QSO Minimum payments are due hereunder, CRDG has substantial debt obligations to a third party for land or parking for

its proposed Gambling Structure (as defined in Iowa Code Section 99F.1(12)), then CRDG shall not be obligated to pay more than the QSO Minimum to Qualifying Sponsoring Organization for that year notwithstanding the foregoing paragraphs (a) through (d).

2. The payments due to Qualified Sponsoring Organization hereunder shall be paid monthly by the fifteenth (15th) day following the end of the month.

3. The Parties agree that the payment set forth in subsection 4(c)(1) above is the only amount to which the Qualified Sponsoring Organization is entitled under this Agreement.

d.. Wagering Tax. CRDG shall pay to the Iowa Racing and Gaming Commission the wagering taxes imposed by Section 99F.11 of the Iowa Code. This payment shall be made to the Commission weekly and within the time period required for remission of the wagering taxes taxed to the State of Iowa under Section 99F.11. CRDG shall indemnify and hold the Qualified Sponsoring Organization harmless from any and all claims relating to wagering taxes owing to the State of Iowa under Section 99F.11 of the Iowa Code.

5. Ownership of Property. All real property, personal property, equipment, and supplies of the Gambling Facility shall be the property of CRDG. Nothing in this Agreement shall be construed to grant Qualified Sponsoring Organization any interest in the personal or real property owned by CRDG or its subsidiaries including, but not limited to, all gambling games equipment and supplies, all Gambling Facility fixtures and personal property attached or located on or in the Gambling Facility, and all real property.

6. Gaming License Suitability. Qualified Sponsoring Organization shall incorporate in its Articles of Incorporation and/or Bylaws a mechanism by which any individual who is found to be unsuitable for a gaming license by the Iowa Racing and Gaming Commission shall be immediately removed as an officer, director and/or employee of Qualified Sponsoring Organization.

CRDG, or its assignee, shall incorporate into its governing documents a mechanism by which any individual who is found to be unsuitable for a gaming license by the Iowa Racing and Gaming Commission shall be immediately removed as an officer, director, employee and/or owner of CRDG or its assignee.

7. Term of Agreement:

a. Initial Term. This Agreement is effective the date it is signed by all Parties hereto, but the Initial Term for purposes of determining the length the Initial Term and the Renewal Term, shall begin at 12:01 a.m. CDT on the day following the day that CRDG and Qualified Sponsoring Organization are granted the licenses referred to in Section 1(b) and (c) and shall terminate ten (10) years thereafter.

b. Extension. CRDG shall have eight (8) exclusive options to extend this agreement for additional five (5) year terms. Each option will be exercised automatically from the

expiration of the then-current term unless CRDG sends to Qualified Sponsoring Organization written notice of CRDG's intent not to renew this Agreement at least 30 days before the expiration of the then-current term.

c. Option to Terminate - Mutual. Either Party shall have the option to terminate this Agreement at any time upon written notice delivered to the other Party if any one or more of the following occurs:

(i) Either Party's license to operate a Gambling Facility under Chapter 99F, Code of Iowa is suspended or revoked;

(ii) Either Party is adjudicated as bankrupt or as insolvent, or the appointment of a receiver or an assignment for the benefit of the creditors is made by or on behalf of either Party.

8. Hold Harmless and Insurance Requirements. During the term of this Agreement, CRDG shall indemnify, defend and hold harmless the Qualified Sponsoring Organization, its officers, directors, employees, and agents, from and against any and all liabilities, obligations, claims, damages, causes of action, cost and expenses imposed upon, incurred by, or asserted against them by reason of any accident, injury to or death of persons, or loss of or damage to property occurring to or in the Gambling Facility. CRDG further covenants and agrees that it will at its own expense procure comprehensive public liability insurance insuring both CRDG and the Qualified Sponsoring Organization in an amount not less than \$5,000,000.00 single limit. Said liability insurance policy shall apply with respect to the Gambling Facility. A copy of such policy or policies shall be provided to the Qualified Sponsoring Organization.

9. Remedies. The Parties acknowledge that the rights granted hereunder are unique and that irreparable damage would result if this Agreement is not specifically enforced and that, therefore, the rights and obligations of the Parties under this Agreement may be enforced by a decree of specific enforcement issued by a court of competent jurisdiction and appropriate equitable relief may be applied for and granted in connection therewith.

10. Assignability. Qualified Sponsoring Organization acknowledges that CRDG may elect to assign its rights and delegate its duties under this Agreement to an Iowa entity which is controlled by CRDG, so long as the successor to CRDG meets the applicable gaming license requirements, and provided that any such assignment is approved by the Iowa Racing and Gaming Commission.

11. Amendment. This Agreement may be amended or modified at any time, but only by a writing signed by both Parties and, if required by law, approved by the Iowa Racing and Gaming Commission.

12. Governing Law. This Agreement shall be governed by the laws of the State of Iowa and the rules and regulations of the Iowa Racing and Gaming Commission, and each Party shall be responsible for its own compliance with all laws of the State of Iowa and the rules of the Commission.

13. Reports, Accounting and Auditing. The Qualified Sponsoring Organization and CRDG shall prepare and file all reports, including financial reports, as required of them, respectively by Iowa law and rules and regulations of the Iowa Racing and Gaming Commission. In addition, each Party shall keep such books and records and have audits performed as required of them, respectively, by Iowa law and the Iowa Racing and Gaming Commission. Each Party shall be responsible for providing at its own expense all audit and accounting services for any reports and audits required by the Commission.

14. Access to Gambling Facility and Associated Facilities. During the term of this Agreement, one or more designated representatives of the Qualified Sponsoring Organization, upon one day's advance notification to CRDG, shall have the right at any time during business hours to inspect the Gambling Facility and any other premises utilized by CRDG in Linn County, Iowa, for the conduct of its business and to review CRDG's audited financial statements.

15. Miscellaneous Provisions.

a. Notices. All notices, requests, demands and other communications hereunder shall be deemed to have been given if delivered in person or if sent by certified mail, postage prepaid, to the other Party at the following addresses:

To Qualified Sponsoring Organization:

Linn County Gaming Association, Inc.
c/o Leah Rodenberg, Secretary
2390 Aeacia Ct.
Marion, IA 52302

To Cedar Rapids Development Group, LLC:

Cedar Rapids Development Group, LLC
Attn: Stephen C. Gray, Chairman
625 First Street SE
Suite 420
Cedar Rapids, Iowa 52401

b. Relationship of Parties. Nothing in this Agreement shall be construed to create a partnership between the Parties, a relationship of employer and employee between the Parties, or a relationship of principal and agent between the Parties.

c. Successors and Assigns. This Agreement and all of the obligations, duties and rights of the Parties hereunder shall inure to and be binding upon the heirs, successors and assigns of the Parties to the extent that assignment is permitted under Paragraph 8 above.

d. Integration, Waivers. This Agreement embodies all of the representations, warranties and agreements of the Parties and supersedes all prior oral and written proposals and

communications. Any supplement, modification or waiver of this Agreement shall be in writing and agreed to by the Parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

e. Construction. This Agreement shall be construed to comply with all applicable Iowa laws, Iowa Racing and Gaming Commission rules and regulations relating to gambling, and may be amended from time to time in order to comply with such laws and Commission rules and regulations.

f. Headings. Paragraph headings herein are for reference purposes only.

g. Definitions. "Gambling Facility" as used in this Agreement shall mean:

(i) any man-made stationary structure; or

(ii) any other gaming facility, including but not limited to an excursion gambling boat,

located in Linn County, Iowa and presently permitted or as hereafter may be permitted by the Iowa Racing and Gaming Commission.

h. Force Majeure. Neither Party shall be liable under this Agreement or deemed in default of this Agreement for any loss, damage, delay or failure of performance of any part of this Agreement resulting, directly or indirectly, from any force majeure event, including, without limitation, lightning, power surges, fluctuations or failures, strikes or labor disputes, floods, acts of God, the elements, war, civil disturbances, acts of civil or military authorities, or the public enemy, fuel or energy shortages, condemnation or taking by eminent domain, damage or destruction of a Party's Gambling Facility or other property or of the property it contains, in whole or in part, except to the extent of any responsibility a Party may have under this Agreement for negligence or willful misconduct.

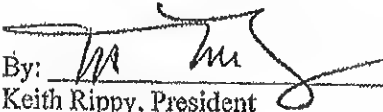
i. Severability. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein shall, for any reason, be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision of this Agreement or any other such instrument.

j. No Third-Party Beneficiary. This Agreement is being entered into solely for the benefit of the Parties hereto, and the Parties do not intend that any other person shall be a third-party beneficiary of the representations, warranties, agreements or covenants made by any Party hereto.

k. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

LINN COUNTY GAMING
ASSOCIATION, INC.

By: 
Keith Rippey, President

By: _____
Leah Rodenberg, Secretary

CEDAR RAPIDS DEVELOPMENT
GROUP, LLC


Stephen C. Gray, President

By: 
Drew Stokman, Secretary

[SIGNATURE PAGE FOLLOWS]

LINN COUNTY GAMING
ASSOCIATION, INC.

By: _____
Keith Rippy, President

By: Leah Rodenberg
Leah Rodenberg, Secretary

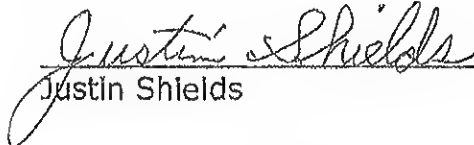
CEDAR RAPIDS DEVELOPMENT
GROUP, LLC

Stephen Gray
Stephen Gray, President

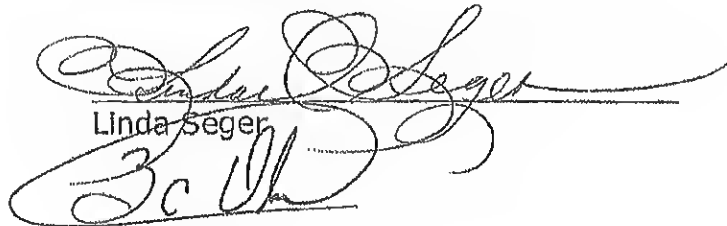
By: Drew Skoeman
Drew Skoeman, Secretary

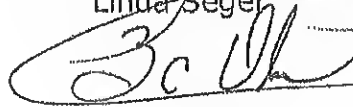
LINN COUNTY GAMING ASSOCIATION, INC.

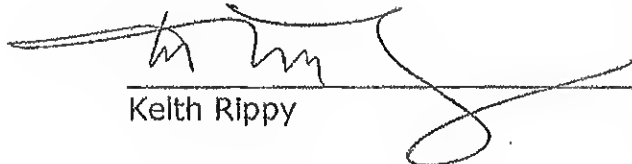
The undersigned agree to the adoption of the License and Operations Agreement dated October 1, 2012, for the above corporation, on the 1st day of October, 2012.


Justin Shields


Leah Rodenberg


Linda Seger


Brent Oleson


Keith Rippey